

Review of the Current Terms of Reference against the CIPFA Suggested Terms of Reference

	Current Terms of Reference	CIPFA suggested Terms of Reference (ToR)	Possible areas of additional responsibility based on CIPFA suggested ToR	Recommendations
	<p><u>Statement of Purpose</u></p> <p>To carry out the audit committee function based on CIPFA guidance</p>	<p>1) Our audit committee is a key component of [name of authority]’s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.</p> <p>2) The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]’s governance, risk management and control frameworks and oversees the financial reporting and annual governance</p>	<p>To consider expanding the current Statement of Purpose?</p>	<p>To include as per the CIPFA suggested Terms of Reference. To agree whether this needs to be simplified.</p> <p>To review and approve the Terms of Reference on an annual basis as part of the annual review of the Audit Committee. Process needs to include consultation with Committee Services.</p>

		processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.		
			Audit Plan – March Include significant changes in the Audit Update reports	Added – new from CIPFA guidance What assurance mapping is done as part of the audit planning process? Does Audit Committee receive reports from other assurance bodies i.e. OFSTED?
1	To consider the Head of Internal Audit’s annual report - - • and opinion, and a summary of internal audit activity (actual and proposed) and level of assurance it can give over the Council’s corporate governance arrangements	18) To consider the head of internal audit’s annual report: (a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit. (b) The opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control	The QAIP is a new requirement however this was reported to Committee as part of the review against the Public Sector Internal Audit Standards (PSIAS) and included in the Annual report.	To provide a separate report to Audit Committee on an annual basis on the Review of the Effectiveness of Internal Audit against the PSIAS. To expand the ToR to include the QAIP

		together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.		
2	To consider summaries of specific internal audit reports as requested	19) To consider summaries of specific internal audit reports as requested.		
3	To consider reports dealing with the management and performance of providers of internal audit services	17) To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include: a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work. b) Regular reports on the results of the Quality Assurance and Improvement Programme. c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the non-conformance is significant enough that it must	TOR does not cover QAIP or effectiveness of IA against the PSIAS	See above re annual report on the Effectiveness of Internal Audit against PSIAS which includes a QAIP detailing action where there are areas of non compliance To expand the TOR

		be included in the Annual Governance Statement.		
4	To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale	<p>9) To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.</p> <p>20) To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.</p>	Some differences	<p>To provide reports on follow up work undertaken and identify recommendations that have not been implemented within agreed timeframes.</p> <p>To ask officers to attend Audit Committee where required.</p>
5	To consider the external auditor's annual letter, relevant reports and the report to those charged with governance	24) To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.		To combine this and the VFM reference from the CIPFA guidance
6	To consider specific reports as agreed with the external auditor	25) To consider specific reports as agreed with the external auditor.		
7	To comment on the scope and depth of external audit work and to ensure it gives value for money	26) To comment on the scope and depth of external audit work and to ensure it gives value for money.		

8	To liaise with the Audit Commission over the appointment of the Council's external auditor		The Local Audit and Accountability Act 2014 abolished the Audit Commission and put in place a new local audit and accountability framework for local public bodies in England. This framework allows local bodies the freedom to appoint their own auditors from an open and competitive market and to manage their own audit arrangements, with appropriate safeguards to ensure independence.	A report is due to go to the December Audit Committee
9	To commission work from internal and external audit	27) To commission work from internal and external audit.		Don't do this very often. To establish a guidance note on the role of the Audit Committee including a protocol for members on raising concerns
10	To maintain an overview of the Council's constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour			To delete
11	To review any issues referred to it by the Chief Executive or a Strategic Director, or any Council body			
12	To monitor the effective development and operation of	7) To monitor the effective development and operation of		To extend to include 8)

	risk management and corporate governance in the Council	risk management in the council. 8) To monitor progress in addressing risk-related issues reported to the committee.		To consider requesting more detailed reports on one or more risks from the Corporate Risk Register
13	To monitor Council policies on “Raising Concerns at Work” and the anti- fraud and anti-corruption strategy and the Council’s complaints process	11) To monitor the counter-fraud strategy, actions and resources.	Fraud update reports	To discuss a proposed Fraud Plan in March 2017 which identifies where fraud resources will be targeted. To review and agree the Anti-fraud framework/policies. These are currently being reviewed by the SWLFP
14	To review the Council’s Annual Governance Statement	4) To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit’s opinion on the overall adequacy and effectiveness of the council’s framework of governance, risk management and control.		
15	To consider the Council’s arrangements for corporate governance and agreeing necessary actions to ensure	3) To review the council’s corporate governance arrangements against the good governance framework and	Covered within the Annual Governance Statement	

	compliance with best practice	consider annual governance reports and assurances.		
16	To consider the Council's compliance with its own and other published standards and controls			
17	To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of Council	29) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.		
18	To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts	30) To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts		
19	To scrutinise the implementation of the Council's Treasury Management Strategy and to recommend to full Council any changes to the strategy		Question use of term "scrutinise" Receive half yearly and annual Treasury Management reports	To determine where the approval of the strategy sits and reword. If review of the TM strategy sits with the Audit Committee then need to review the timing of the meetings and look to report this in January

				New from CIPFA guidance. To include in the workplan for March or June Committees
			Self assessment undertaken of the effectiveness of the Audit Committee is reported to full Council.	Combined 2 areas from CIPFA guidance To include an overall summary within the annual report re overall assessment by the Audit Committee.
CIPFA TOR guidance not matched				
		5) To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.		
		6) To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.		To combine with 12 above
		10) To review the assessment of fraud risks and potential harm to the council from fraud and corruption.	Regular fraud updates are provided but no specific assessment of fraud risks	To combine with 13 above

		12) To approve the internal audit charter.	Whilst the current ToR does not specify the IA charter, this is approved by the Audit Committee.	New – to include above
		13) To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.	Did do this as part of the process for joining the SWLAP	Don't require
		14) To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.	Responsible for approving the annual audit plan although not specifically stated within the TOP	To include above
		15) To approve significant interim changes to the risk-based internal audit plan and resource requirements.	Changes to the risk-based internal audit plan and resource requirements are reported as part of the Audit update reports and more detailed analysis provided in the Annual Audit report showing planned v actual days delivered	To combine with 14 and include above

		16) To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.	Should be considered as part of the approval of the annual audit plan?	To exclude – already covered
		21) To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.	QAIP not specifically mentioned but was reported to Audit Committee as part of annual assessment against the PSIAS within the Annual report. No separate report to Audit committee showing actions outstanding?	Included in 3 above
		22) To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations (see Appendix A).	Not specifically covered but is reported as part of the assessment against the PSIAS and included in the Annual report	Included in 3 above
		23) To support the development of effective communication with the head of internal audit.		To exclude
		28) To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant		To exclude

		bodies.		
		31) To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.	No reference to Audit Committee making recommendations or referrals to other Committees	Included above
		32) To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.	Self assessment undertaken of the effectiveness of the Audit Committee but not specifically included within the TOR	To include above

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